

The May Department Stores Company Annual Report 1972

HARVARD UNIVERSITY
G.S. OF B.A.
BAKER LIBRARY
CORPORATION
RECORDS
DIVISION

Industrial



Contents

1 Highlights of the Year	28 Ten Year Performance
2 To Our Stockholders	Record
6 People Merchandising	30 Operating Companies
12 Year in Review	and Their Managements
19 Financial Statements	32 Directors and Officers

Annual Meeting

All stockholders are cordially invited to attend the 1973 Annual Meeting of Common Stockholders of The May Department Stores Company, which will be held in the auditorium on the ninth floor of the Famous-Barr Co. store, 6th and Olive Streets, St. Louis, Missouri, at 10 a.m. on June 14, 1973. The management will send a proxy statement to the stockholders requesting the proxies of those who are unable to attend the meeting in person.

Transfer Agent for Common Stock

Irving Trust Company
One Wall Street
New York, New York 10015

Registrar for Common Stock

Bankers Trust Company
485 Lexington Avenue
New York, New York 10017

Highlights of the Year

The May Department Stores Company

Fiscal Year Ended:	February 3, 1973 (53 Weeks)	January 29, 1972 (52 Weeks)
Net Retail Sales	\$1,467,931,000	\$1,310,798,000
Earnings Before Federal Income Taxes	91,508,000	80,551,000
Net Earnings	47,867,000	41,981,000
Dividends Paid		
Preferred Stock	497,000	497,000
Common Stock	24,148,000	24,104,000
Common Stockholders' Equity (Book Value)	447,161,000	424,094,000
Average Number of Common Shares Outstanding	15,139,911	15,082,427
Number of Common Stockholders	27,751	27,740
Per Common Share		
Net Earnings	\$3.13	\$ 2.75
Dividends Paid	1.60	1.60
Equity (Book Value)	29.68	28.20

To Our Stockholders:

We are happy to report record sales and earnings for 1972. Sales rose 12.0% to \$1,467,931,000 for the 53 weeks ended February 3, 1973 and earnings increased 14.0% over last year to \$3.13 per share, all-time highs for the company.

An important contributor to these results was an increase in space productivity; i.e., sales growth outstripped the increase in store space. Sales per square foot went up \$2.84 to \$57.25 for the fourth consecutive year of increasing space productivity.

Under our "4-5-4" comparable-period accounting calendar, most fiscal years have 364 days, and therefore every six years a 53rd week is added for alignment to the ordinary calendar. Since 1972 was such a 53-week year, we have taken pains in our accounting to avoid any overstatement of recorded earnings due to this extra week and maintain earnings comparability by charging 1972 with 53/52 times the annual fixed expenses. As a result 1972's reported earnings are reduced by accruing and deducting fixed expenses for the 53rd week amounting to \$1,810,000 or 6¢ per share, which amount will be used to reduce fixed expenses pro rata over the next five years. The 53rd week had sales volume of \$19,825,000, and earnings of 2¢ per share after this accrual adjustment. Although the 53-week fiscal year is reported herein for financial purposes, whenever 52 weeks are a more valid comparison they will be so used, and this report will so state.

On a 52-week basis for 1972 as well as 1971, our total sales increase was 10.5% and our comparable store sales (i.e., sales of stores open in both years) showed an increase of 5.4%. Department store prices, as measured by the Bureau of Labor Statistics Index, rose only 2.0% in 1972 (less than the overall increase in the cost-of-living index). If we take out this 2.0% average price rise, our "real" sales increase in constant dollars was

8.3%, and our constant-dollar comparable-store sales increase 3.3%. Thus, once again, our sales growth exceeded the effects of additional store space and inflation in retail prices.

Capital has been applied in various ways toward achieving these results. Continued funding of management development both in quality and quantity has paid off. Five of our companies now have tandem top managements (a chairman plus a president), and eight have additional top executives sharing general merchandising responsibilities for greater specialization. Capital investment in properties has also gone not only into new stores and warehouses but into major remodeling and expansion of older stores to improve merchandise presentation and update space investment.

A main avenue of share-of-market improvement in our stores has come through what we call "people merchandising." This seeks to maximize the growth potential to our business in the constantly shifting trends of consumer interest and preference in each of our markets. It requires early recognition of dynamic growth areas and decisive commitment of capital for merchandise, specialized in-store presentation and payroll. This past year has seen active development in our stores of shops and boutiques aimed at specific customer lifestyles such as: "Contemporary" (as distinct from traditional) ready-to-wear, the new coordinated expression in young men's apparel, "Body-Wear", imported costume jewelry, "Natural" gifts and home accessories, live plants and herbariums, gourmet foods and kitchen accessories, young contemporary home furnishings, and the presentation of furniture in its fully-accessorized environment.

Because of the importance of this process in our business it will be dealt with in a separate section of this Annual Report beginning on page 6.

We have also been investing in added

approaches to the non-merchandising portions of our business. A productive management engineering technique known as Short-Interval Scheduling (SIS) has been successful in raising productivity in many aspects of industry; in 1972 we developed an in-house capability in this field which is now serving our various companies to good effect.

The age of the computer has come to maturity in retailing with the introduction of the electronic point-of-sale terminal which ties retail input into the whole chain of computer-stored information. Given the importance to our merchandising objectives of sensitive and speedy feedback of customer preference from the point of sale, we consider this development of the first importance for the future. The special expertise of our Systems, Science and Software (S-Cubed) subsidiary has been applied to this problem and in 1972 we completed a prototype of our own point-of-sale terminal with an outstanding array of features and capabilities for our business. The S-Cubed Mark 2000 has been successfully tested in our stores and we have assigned capital investment for its production and installation. We also have under active consideration the marketing of these machines to other retailers.

1972 has seen a number of other exciting developments in the progress of our company. In August we completed arrangements for a 50/50 joint venture with Consumers Distributing Company Limited of Toronto, Canada; the joint-venture will be called Consumers Distributing Company and will make a major entry into the U.S. catalog-showroom field in the Fall of 1973, opening a total of 50 stores in the metropolitan areas of New York and San Francisco. By joining with one of the largest catalog-showroom companies in North America we are in a position to make our entry into this promising new field of distribution both professional and substantial. Shortly

before the end of the year, we agreed in principle to enter into a joint venture with the Metropolitan Life Insurance Company to develop a major parcel of real estate centrally located adjacent to Wilshire Boulevard in Los Angeles and consisting of the properties occupied by our Wilshire store and Metropolitan's 174-acre 4,253-unit Parklabrea residential development. And early in 1973 we arranged to establish our own foreign buying offices which will begin operation in 1974 under a new subsidiary, May Department Stores International, Inc., in place of our previous affiliation with the foreign buying offices of R. H. Macy & Co.

In 1972, our Venture discount stores completed our original objective of establishing a 12-store chain which would have sufficient volume and market penetration to support a professional central organization. Venture Stores showed good sales gains in 1972 with total volume of \$104,673,000, excluding food, and made their first contribution to earnings (before interest). Comparable-store sales for Venture increased 13.1% in 1972 (52 weeks) over 1971.

As planned, our store expansion in 1972 resulted in the opening of three new department stores and two discount stores with a total of 626,000 square feet of area, and the expansion of three existing department stores by a total of 58,000 square feet. In 1973, we expect to add a total of 1,008,000 square feet of store area in four new department stores, two new Venture stores and the expansion of two existing department stores. The 15th May-developed regional shopping center will open part of its facilities in the Fall of 1973.

In January, 1973, we borrowed on long-term mortgages on properties owned by subsidiaries a total of \$49,950,000, and completed standby loan agreements with two banks, under which we can borrow on 10-year unsecured notes up to \$50,000,000 in 1973.

The sales momentum of Fall 1972 has continued into 1973 and we expect a strong first half with the upward trend in sales and earnings continuing. The need to control inflation in this period of economic growth is clear, and our stores are complying thoroughly with the Phase III voluntary price stabilization program.

We welcome to our Board of Directors Frederick L. Ehrman, chairman of the board of Lehman Brothers, Incorporated, investment banking, and Jack Stupp, founder and president of Consumers Distributing Company Limited of Toronto, Canada.

Thanks for the many achievements of 1972 go to the millions of customers who shop in our stores and to more than 50,000 employees whose continued loyalty and efforts are essential to the progress of our company.



S. Goodman

Stanley J. Goodman
Chairman of the Board

D. E. Babcock

David E. Babcock
President



April 25, 1973



*The freshness of white,
heightened with color contrasts.*



People Merchandising

The role of The May Department Stores in the 1970's is very clear to us, and it ought to be a promising one, with people wanting more and more of what we, as updated department stores, know how to do and have to offer.

As a first step in our long-range planning for the 70's we had studied the changing consumer in this decade and this is what we found: rising affluence, rising sophistication, and these leading to greater concern with the personal fulfillment of the individual and his image to his fellows. We therefore see a constantly increasing demand for discretionary products, products that influence a consumer's way of life or his perception of the image he presents to his peers. People are looking for things that will "make their day," that new dress or suit, the great-looking tie or necklace, the perfect lamp for the living room, the painting that belongs over the mantelpiece.

When our customer buys one of these she is expressing herself. It is our belief that developing the skills in our business to cater to this vast desire on the part of the American public for *self-expression through the things they select*, will be central to the growth of May in this decade and beyond. We call this "people merchandising," and this is the theme of our Annual Report for 1972.

In the year under review there was encouraging accomplishment of this sort. Our merchants have been more and more cutting loose from "the tyranny of last year," and shifting inventory investment boldly into new trends which they perceive early in their development, often before they are a sure thing. Our biggest growth category was women's ready-to-wear, and the growth was largely achieved in the pursuit of the "new looks" that our merchants felt bullish about, putting more inventory dollars into these, backing them



*Dinah Shore approves of "the clean
natural colors and materials."*





Shirts are back, or are they?



up with more space, better point-of-sale presentation, fashion shows, advertising. The striking growth in the men's field is a similar story. All May stores have more floor space and more shops devoted to men's apparel than they had five or six years ago. In home furnishings we made it our objective several years ago to give our customer the tools for making her home interesting and exciting, a medium for self-expression. Accordingly our stores have built home furnishings departments that present complete home environments in which a customer can visualize herself and her family.

All of this has helped to improve sales per square foot, inventory turnover, share of the market, and finally profits.

And so every season May merchants scan the horizon and make up their minds as to what "people trends" are to be backed, and how much money is to be shifted from last season's trends to provide

funding for new growth in new items of potential customer interest.

This process is so fundamental to our business that we felt it would interest stockholders to have a glance over our shoulders, so to speak, and see how we have been viewing Spring and Summer 1973 as represented in the items pictured on these pages.

The merchant assimilates information about what is in the customer's mind from a number of sources. The most important is our own selling floors where thousands of daily contacts with our living market sharpens our perceptions. Thus, for example, the growing popularity of pastels last Fall forecasts the movement this Spring toward lighter colors. The back-to-nature movement, the interest in ecology, point to a return to natural fabrics and non-synthetic materials, and leads May stores to open shops like The Hecht Company's new and successful "The Good Earth Deep Sea Blue Sky Real Thing



Fuller, looser, wider, and softer.





*The kind of clothing America
relaxes in and has fun in.*



"Trust Company" specializing in things natural and authentic: terrariums, Mexican bark paintings, shells, fish fossils, geodes (crystalline rocks), Indian embroideries, and "memory boxes"—constructions of small things that evoke nostalgia.

Beyond his own experience and observations, the May merchant is helped in his buying decisions by what he can learn in visiting the major American and European cities where trends are constantly being spawned by enterprising and often new manufacturers. In our field of discretionary products there is, as one would expect, a constant entrepreneurial ferment, and it is a commonplace of our business that we buy much of our merchandise in the volatile areas from manufacturers who did not exist five years ago.

Our merchant is also helped by outside fashion consultants who have a proven track record and among these is our recently acquired subsidiary,

Nigel French Enterprises of London, which not only advises retailers, but also acts as a buying office as well as consultant for a number of apparel manufacturers in this country and abroad.

Finally, the staff of market representatives and fashion specialists at May Merchandising Corporation in New York coordinates most of this input and provides specific trend and vendor advice to the merchants in our stores. Each season May Merchandising sends out a film presentation of the most important fashion looks and trends for the season ahead which serves not only for guidance to the merchants but also as sales training material for our sales people in all of the stores.

May also is fortunate to have access to a unique information source in the person of its Board member, Dinah Shore, whose daily television program, "Dinah's Place," is watched by millions. "What I contribute," says Dinah, "doesn't involve



*Focus on the body,
especially the waistline.*



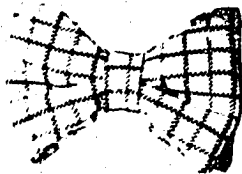


Dinah—"I'm all for chic and being back in style."

figures or profit margins, but if people want to talk about shopping and products and stores, then I'm their girl. Our show has received as many as 55,000 letters a week. That's quite a lot of input and it can be converted to the benefit of the May company, for our audience and the May shoppers are the same kind of people."

Early this year a group of May executives met with Dinah Shore to review a forecast from the fashion office of May Merchandising Corporation, "The Eleven Major Fashion Looks for Wearing Apparel and Accessories for Spring/Summer 1973," and the following dialogue ensued:

May Merchandising feels that 1973 will see *The Importance of White*, that white and the light pastels and natural colors will head the fashion color palette, and that there is growing interest in the *Natural Look* in fashion. Whether it's natural materials or natural colors, we'll see the "natural"



The return of the bow tie, and the understated look of the gentleman.



everywhere from children's wear to men's wear, from handsome woven wicker furniture to authentic American Indian jewelry in silver and turquoise. Says Dinah, "I'm so glad to see the natural fabrics and the clean, natural colors important again. I've always liked them better than the dark muddy tones."

Dinah expressed a small doubt about the May forecast that "*Skirts are Back* on the way to resuming their place in the wardrobe along with pants, accompanied by accessories attuned to the new skirt looks." Dinah is never seen in skirts on her program. "But," she says, "that's because short skirts are impractical on my kind of show. However, I'll try them on a few programs and see what the audience thinks." Another input will go to the May merchant after those shows.

May fashion specialists look for clothing this Spring and Summer to be "fuller, looser, wider and softer; in short, the *Easier Fit*." This makes sense





*A bit quieter but
distinctively junior.*



to Dinah who points out, "My viewers are aware of my preference for comfortable morning attire that is easy to move about in, and there are many requests for information about my clothes."

May expects this year's fashion spotlight to *Focus on the Body*, especially the waistline, in both dresses and pants. Here, Dinah's comment is a bit ambivalent. "My audience expresses a great interest in weight-watching," she says, "but there seems to be a tendency to forget calorie-counting when a yummy-sounding recipe appears on the program. Perhaps their interest is simply for entertaining guests."

Dinah, who receives thousands of viewer requests for help in coordinating outfits and selecting accessories, agrees with the emphasis on the continuing importance of the *Casual Look* for "the kind of clothing America relaxes in and has fun in. This year, one will see this look in many more expressions, knits plus wovens, shirts over shirts,

oversized shiny tote bags, clogs for men as well as women." Says Dinah, "My viewers are certainly interested in how to pull together an outfit with accessories for an effective total look."

The May idea that the customer this year will want "*Sleepwear* to look pretty and fashionable, to be shorter, softer and barer," also won Dinah's approval as did the forecast of two fashion looks for men's wear—clothes that are *Distinctively Junior* and those for the somewhat older male which feature the *Look of the Gentleman*, "the understated tailored look and the deceptively careless air of traditional elegance." "I'm all for chivalry being back in style," says Dinah.

May expects the *Bare Look* to be everywhere this year, "sometimes at the shoulder, sometimes at the neckline and sometimes it's the back or the midriff." Says Dinah, "The bare look is great when it makes daytime dressing more



Evenings call for special elegance.





The multi-speed bicycle and the instant-speed calculator.



beautiful. My thinking is that one's appearance helps to build one's morale and self-respect."

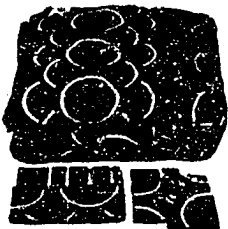
And finally, May sees its customers responding strongly to the *Night Only Look*—the evening pajama, for example, the little short black cocktail dress, and the three-piece cardigan dinner suit. "No longer will what you wear for day do for night," say May fashion experts. "Evenings call for a special elegance all their own." Dinah thinks this is fine for many women but adds a note of caution based on the fact she hears so often on her show "from the business woman or socially-active woman who wants to select clothes that can be worn all day and still be appropriate in the evening."

Fashion rightness is not limited to apparel. The same trend-searching activities are carried out by May to find the items growing in popularity in other lines of merchandise. Thus in 1972 and into 1973 May was strongly in the customer's eye

with multi-speed bicycles and pocket-size calculators. New developments in such diverse areas as cosmetics, furniture, and blankets and sheets receive the same volume-producing attention as the latest silhouette.

These forecasts of trends in customer interest for Spring/Summer 1973 will be followed by other May trend forecasts for other seasons, and the dialogue between May and Board member Dinah Shore will continue, another source of stimulation for the May merchant. "Our audience gives us a great deal of input on customer attitudes and habits via the most extensive fan mail I've ever received," says Dinah. "And never forget that women have strong ideas about services and products."

Indeed they do, and this explains the emphasis at May on "people merchandising" in all its aspects, store planning and service as well as merchandise, as a central strategy in our business.



Fashion for the bed and for the drawing room.



Year in Review

Sales and Earnings. For the 53 weeks ended February 3, 1973, net sales amounted to \$1,467,931,000 compared with sales of \$1,310,798,000 for the 1971 fiscal year of 52 weeks ended January 29, 1972. Fiscal 1972 sales of the 12 department store companies were \$1,317,151,000 (for the 53 weeks) and Venture discount store sales were \$150,780,000.

On a comparable 52-week basis, the increase in sales in 1972 over 1971 amounted to \$137,308,000, or 10.5% with department store sales up \$78,248,000, or 6.4% over 1971, and Venture store sales up \$59,060,000; total department store sales per square foot were \$55.37 in 1972 compared with \$52.87 in 1971 and \$50.26 in 1970 (with all figures adjusted to annualize the sales of stores open for only part of the year); total annualized sales per square foot, including Venture, were \$57.25 in 1972 compared with \$54.41 in 1971 and \$51.01 in 1970.

Net earnings amounted to \$47,867,000, or \$3.13 per share of common stock, for the 53 weeks ended February 3, 1973 compared with \$41,981,000, or \$2.75 per share, in the 52 weeks of fiscal 1971. Dividends paid to common stockholders were \$1.60 per share each year.

By quarterly periods, sales and earnings for the two fiscal years are indicated in tabular form in the next column.

Principal non-operating items were as follows: interest costs for fiscal 1972 amounted to \$16,175,000, an increase of \$1,165,000 over 1971. Provision of \$2,703,000, or 9¢ per share, was made in 1972 for the adjustment of inventory valuations to the LIFO (Last In, First Out) basis, approximately the same amount as in 1971. Federal income taxes for 1972 of \$43,641,000 were 47.7% of pre-tax income compared with the 1971 provision of \$38,569,000, or 47.9% of pre-tax income. The

Sales		Thousands of Dollars			
Quarter	1972		1971	Increase	
First	\$	291,628	\$	264,458	10.3%
Second		325,583		295,065	10.3
Third		348,218		313,229	11.2
Fourth		482,677		438,046	10.2
Sub-total					
52 weeks	\$	1,448,106	\$	1,310,798	10.5%
53rd week		19,825		—	—
Total	\$	1,467,931	\$	1,310,798	12.0%

Earnings Per Common Share

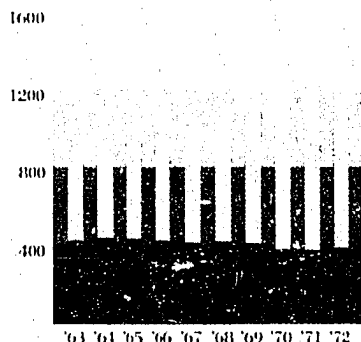
Quarter	1972	1971	Increase
First	\$.27	\$.27	\$ —
Second	.40	.36	.04
Third	.66	.55	.11
Fourth	1.78	1.57	.21
Sub-total			
52 weeks	\$3.11	\$2.75	\$.36
53rd week *	.02	—	.02
Total	\$3.13	\$2.75	\$.38

*After additional deduction of 1/52 of annual fixed expenses in an amount equal to 6¢ per common share.

Net Retail Sales

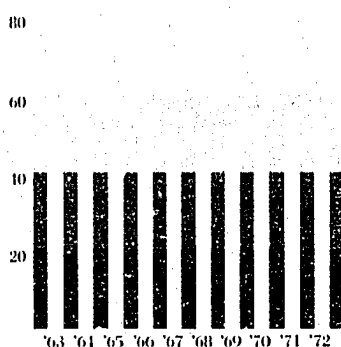
- Venture Stores
- ▨ Branch Department Stores
- Main Department Stores

Millions of Dollars



Sales Per Square Foot of Total Store Area

In Dollars



provision for federal taxes for both years reflects amortization of the investment credit over the average life of the capital expenditures which gave rise thereto.

Financial position. The current ratio at February 3, 1973 was 2.3 to 1 compared with 2.2 to 1 at the start of the fiscal year. Working capital increased from \$281,600,000 at January 29, 1972 to \$327,157,000 at the end of fiscal 1972.

Accounts and notes receivable, less reserves, amounted to \$324,659,000 at February 3, 1973 compared with \$293,519,000 at the start of the fiscal year. Reserves for bad debts totaled \$10,365,000 at year-end compared with \$10,258,000 at January 29, 1972. Bad debt expenses in 1972, reflecting actual losses and adjustment of reserves, amounted to \$4,481,000 compared with \$4,931,000 in the previous year. This reduction was to a large extent the result of new EDP equipment and improved operating methods, aided by the general economic climate.

Inventories at February 3, 1973 were valued at \$195,519,000 on the LIFO method, \$9,149,000 higher than at the end of the previous year and \$28,557,000 less than their approximate replacement value based on the FIFO (First In, First Out) principle. The use of LIFO has resulted in the deferment of federal income taxes in the amount of \$14,342,000 at February 3, 1973.

Total consolidated long-term debt amounted to \$278,303,000 at February 3, 1973 compared with \$244,493,000 at the end of the previous year. Common stockholders' equity (book value) rose during 1972 from \$424,094,000, or \$28.20 per common share, to \$447,161,000, or \$29.68 per common share.

In fiscal 1972, May arranged standby loan agreements with two banks which permit the borrowing of up to \$50,000,000 during calendar

1973 for capital needs and general working capital purposes. Such borrowings if made will mature in 1983. The May Stores Shopping Centers, Inc., a wholly-owned subsidiary, borrowed approximately \$24,950,000 from two life insurance companies under long-term mortgages on properties leased to others. May Properties, Inc., another wholly-owned subsidiary, raised \$25,000,000 by the private placement of mortgage debt on store properties leased to the parent corporation.

May also invested \$3,000,000 in a new issue of preference stock of Pick-N-Pay Supermarkets, Inc., of Cleveland, and subsequently exchanged the shares involved for \$3,000,000 in subordinated notes, due October 15, 1979.

Capital Expenditures for expansion and improvement in 1972 amounted to \$53,724,000 compared with \$52,338,000 in 1971. New store openings were:

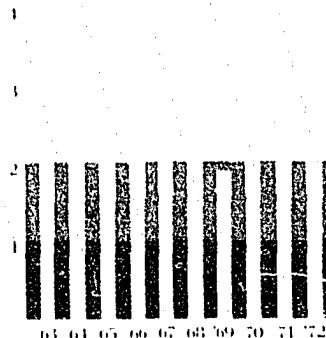
May Co., California	Parkway Plaza San Diego County 115,000 sq. ft. (September)
May-Cohens, Jacksonville	Roosevelt Mall 34,000 sq. ft. (November)
Venture Stores	Bannister Road Kansas City, Missouri 161,000 sq. ft. (March)
	State Street Kansas City, Kansas 161,000 sq. ft. (October)
The Hecht Co. Washington, D.C.	Landover Mall Prince Georges County, Maryland 155,000 sq. ft. (May)

Also completed in 1972 were substantial enlargements of the Mount Lebanon and McKnight Road stores of Kaufmann's, Pittsburgh and the

Net Income and Dividends Per Common Share

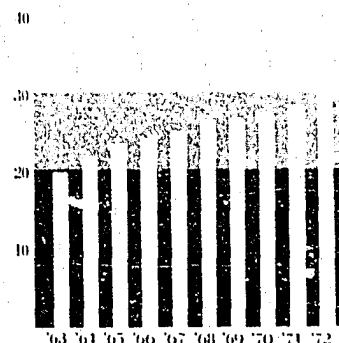
□ Net Income
■ Dividends

In Dollars



Equity (Book Value) Per Common Share

In Dollars

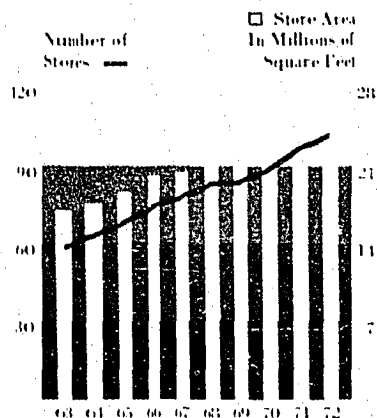


Regency Square store of May-Cohens, Jacksonville. At the end of 1972, May operated 102 department and discount stores with an aggregate area of 25,500,000 square feet, an increase of 684,000 square feet during the year, and 14 regional shopping centers.

Capital expenditures for expansion and improvement in 1973 will total approximately \$75,000,000. Six new stores will be opened in 1973, all in the fall: the 20th and 21st stores of May Co., California—156,000 square feet at Tyler Mall in Riverside and 150,000 square feet at Eagle Rock Plaza in Eagle Rock; the ninth store of Famous-Barr Co., St. Louis—180,000 square feet at St. Clair Square in Fairview Heights, Illinois; the fifth store of Meier & Frank, Oregon—150,000 square feet at Washington Square in Portland; and the seventh and eighth Venture discount stores in the St. Louis area—161,000 square feet in St. Charles, Missouri, and 117,000 square feet in South St. Louis County, Missouri. Also scheduled for 1973 completion are two expansions of existing stores. Kaufmann's, Pittsburgh will add 24,000 square feet to its 229,000 square-foot Monroeville store. The Hecht Co., Washington will add 70,000 square feet to its 164,000 square-foot Tyson's Corner store. Altogether, May will add about 1,008,000 square feet of store area during 1973 in new stores and store expansions. In addition, May-D&F, Colorado and Meier & Frank, Oregon will complete new warehouse and service facilities this year.

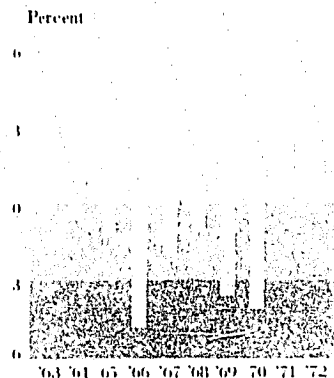
The 15th regional shopping center developed and managed by The May Stores Shopping Centers, Inc., is scheduled to open in the fall of 1973. This modern, closed-mall center, Eagle Rock Plaza in Eagle Rock, California, will have 172,000 square feet of store area for smaller tenants, and two major department stores including the new store of May Co., California. The center is owned by a

Number of Stores and Total Store Area



Comparable-Store Sales

□ Actual Percent Change
Adjusted for Price Change

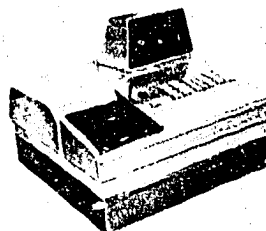


partnership in which The May Stores Shopping Centers, Inc. has a 50% interest.

Consumers Distributing Company (U.S.), owned equally by a May subsidiary and Consumers Distributing Company Limited of Toronto, Canada, plans to open approximately 50 catalog-showroom outlets in 1973 in two major U.S. markets, New York and San Francisco. Each catalog-showroom will have about 11,000 square feet of floor area, about one-third for the showroom and the remainder for the stockroom. Merchandise for the showrooms will be distributed from two distribution centers now under construction—206,000 square feet in Hayward, California, and 239,000 square feet in Secaucus, New Jersey, where Consumers' headquarters will be located.

Production of 'new generation' point-of-sale terminals, developed for May in a joint effort by May and its partially-owned computer research subsidiary, Systems, Science and Software (S-Cubed), for installation in several May department store companies, is scheduled to begin in mid-1973. This advanced electronic equipment performs the functions of a cash register and a credit approval medium, speeds the completion of customer transactions and provides merchandising management with timely, multifaceted sales information.

May Department Stores International, Inc., formed early in 1973 to act as the May company's arm in importing and other overseas affairs, purchased Nigel French Enterprises Ltd. which operates a London-based fashion reporting service as well as a fabric and apparel purchasing and merchandising organization. Nigel French Enterprises Ltd. and its affiliate, Associated Apparel Buyers, will continue their previous activities as autonomous subsidiaries of May while May Department Stores International, Inc., will form



a new world-wide organization to service import buying for all of the May store companies.

Eagle Stamp Company, a unique and highly successful trading stamp program operated by May in St. Louis and Cleveland, was expanded into the Youngstown, Ohio, area in 1972. Several hundred other retailers in that region as well as the nine Strouss' department stores are now participating in the Eagle Stamp program.

The Profit Sharing and Savings Plan which supplements May retirement plans and encourages employee interest in the corporation's overall profitability, now has 17,500 employee members who own an interest in approximately 320,000 shares of May common stock, as well as substantial other investments. Members of the plan invested \$6,009,000 in the plan's funds in 1972 compared with \$5,360,000 in 1971. Of the 1972 company contribution of \$5,600,000, \$4,195,000 was applied to retirement plan costs as actuarially computed. The balance of \$1,405,000 was credited to profit sharing plan participants.

Management development, corporate—John W. Boyle, vice president and controller, and Frank W. Walters, vice president, operations, were elected executive vice presidents of The May Department Stores Company. Herbert A. Mack, vice president and corporate secretary, was promoted from assistant general counsel to chief counsel. Harold K. Melnicove, vice chairman of the board of The Hecht Co., Washington, D.C., was elected a vice president of The May Department Stores Company.

Five corporate executives were appointed vice presidents: Walter C. Coffey, Jr., manager of management development; Henry A. Lay, assistant to the vice president, real estate; Harold I. Lunde, manager of planning and general research; Dorothy W. Morse, manager of executive placement, and Michael Zoroya, credit manager.

The Hecht Co., Washington, D.C., and Baltimore—Allan J. Bloostein, president and chief executive officer of The Hecht Co., Washington, D.C., was appointed to serve also as chief executive officer of The Hecht Co., Baltimore, with responsibility for coordinating the management of the two Hecht Co. operations which have a total of 16 department stores in the Washington-Baltimore region. John F. Baker, chairman of the board of The Hecht Co., Washington, will assume responsibility for coordination of operations, personnel and control functions for both the Washington and Baltimore Hecht Co. stores, and Harold K. Melnicove, vice chairman of the board of The Hecht Co., Washington, will assume responsibility for coordination of merchandising and sales promotion activities for both companies. Roger W. Holden, vice president, treasurer for The Hecht Co., Washington, was appointed vice president, treasurer for The Hecht Co., Baltimore and The Hecht Co., Washington. Louis Frank, Jr., vice president, controller of The Hecht Co., Baltimore, was appointed vice president, control for The Hecht Co., Baltimore and The Hecht Co., Washington.

May Department Stores International, Inc.—Nigel French was appointed president of this new subsidiary.

Other executives promoted in May companies since the 1971 Annual Report were: The M. O'Neil Co., Akron—Theodore C. Chaudron, divisional vice president; The Hecht Co., Baltimore—Earl F. Sluss, Jr., vice president and director of branch stores; May Co., California—Ray Klauer, executive vice president, merchandising, Richard Boje, vice president and general merchandise manager, home furnishings and home textile divisions, Ernest Grossblatt, vice president and branch store group supervisor, and James Vadis, vice president and general merchandise manager, soft lines; May-

D&F, Colorado—Richard H. Will, executive vice president and general merchandise manager; G. Fox & Co., Hartford—H. Michael Hecht, executive vice president and general merchandise manager, Paul Leblang, vice president, sales promotion and Elden Rasmussen, vice president, secretary and treasurer; May-Cohens, Jacksonville—H. L. Reinshagen, secretary-treasurer; Meier & Frank, Oregon—Richard Lee Battram, vice president and general merchandise manager, soft lines, Arthur F. Baumann, vice president, operations, Gordon S. Bowman, vice president, general manager, Eugene store, Donald F. Baddock, vice president, men's merchandise, Millard E. McAtee, vice president, general manager, Salem Store, James L. Meier, vice president, women's apparel; Kaufmann's, Pittsburgh—Barbara Clark, vice president, publicity, Frederic J. Di Iorio, vice president, branch stores, David K. Karstens, vice president, administration, Jack Charles, Margaret M. Ruane, S. Allain Russo and George S. Wilson divisional vice presidents; Famous-Barr Co., St. Louis—H. Gene Nau, vice president and general merchandise manager, budget store and children's, Donald I. Shifter, vice president and general merchandise manager, home furnishings, and Ted R. Kolman, divisional vice president; The Hecht Co., Washington, D.C.—Howard Goldberg, executive vice president, merchandising, Henry F. Hemsing, vice president, branch stores, Asher H. Berlan, vice president and general merchandise manager, hard lines, and Edward B. Dorrian, William F. Jones, William H. Landres and Paul H. Wright, divisional vice presidents; Strouss', Youngstown—Lee R. Savio, vice-president, secretary and treasurer; Eagle Stamp Co.—William C. Dixon, vice president, controller; May Design and Construction Company, a newly-formed operating company which will provide design and construction services and professional management controls to store and shopping

center construction and major store remodelings—Peter Sterling, president, Henry A. Birner, vice president and general manager, Building Division, Leo G. Martinez, vice president and general manager, Store Interior Division, Charles H. Meyers, Jr., vice president and general manager, Building Division, and John G. Rutenis, vice president and director of design, Store Interior Division; Systems, Science and Software—Alan F. Klein, vice president, and John M. Walsh, secretary; and Consumers Distributing Company (U.S.)—Wilbert B. Dubin, executive vice president, operations and administration, Lloyd Swanson, executive vice president, merchandising, and David E. Houseman, controller.

THE MAY

DEPARTMENT STORES

COMPANY

1961	1960	1959	1958	1957	1956
\$684,839,000	\$683,964,000	\$540,982,000	\$533,657,000	\$521,444,000	\$494,366,000
45,463,000	47,389,000	37,690,000	41,884,000	42,300,000	39,159,000
6.6%	6.9%	7.0%	7.8%	8.1%	7.9%
22,422,000	23,181,000	18,539,000	20,241,000	20,670,000	19,269,000
3.3%	3.4%	3.4%	3.8%	4.0%	3.9%
1,224,000	1,247,000	1,108,000	1,122,000	1,140,000	1,148,000
15,128,000	15,083,000	13,179,000	13,155,000	13,045,000	11,220,000
6,070,000	6,851,000	4,252,000	5,964,000	6,485,000	6,901,000
\$1.54	\$1.60	\$1.45	\$1.60	\$1.64	\$1.53
1.10	1.10	1.10	1.10	1.10	.95
1.67	1.76	1.59	1.81	1.82	1.68
13,563,000	12,971,000	9,381,000	8,430,000	8,103,000	7,240,000
5,921,000	6,118,000	3,923,000	3,857,000	3,315,000	3,235,000
15,294,000	14,384,000	10,403,000	9,240,000	8,470,000	7,404,000
5,043,000	5,129,000	2,814,000	3,083,000	2,779,000	2,672,000
4,123,000	3,929,000	2,639,000	2,652,000	2,274,000	2,125,000
211,213,000	253,044,000	145,802,000	146,683,000	134,574,000	132,609,000
3.9 to 1	4.3 to 1	3.3 to 1	3.3 to 1	3.2 to 1	3.3 to 1
150,565,000	134,119,000	101,660,000	97,314,000	92,129,000	84,819,000
96,383,000	94,716,000	77,437,000	77,456,000	72,076,000	74,782,000
206,576,000	184,686,000	154,898,000	139,145,000	121,611,000	116,694,000
504,892,000	523,802,000	372,726,000	368,378,000	331,532,000	322,733,000
57,490,000	80,400,000	58,152,000	60,720,000	61,257,000	62,257,000
78,009,000	80,333,000	27,943,000	25,000,000	-	-
32,918,000	33,904,000	30,464,000	30,475,000	31,058,000	31,353,000
241,201,000	234,326,000	182,785,000	177,614,000	169,812,000	162,697,000
\$17.51	\$17.05	\$18.20	\$14.83	\$14.30	\$13.74

Consolidated Balance Sheets

Assets	February 3, 1973	January 29, 1972
Current Assets		
Cash	\$ 18,559,084	\$ 21,853,496
Marketable securities—at cost (which approximates market) . .	20,000,000	—
Accounts and notes receivable (less allowances for doubtful accounts, etc.: 1973—\$10,489,377; 1972—\$10,385,852)	324,659,294	293,519,139
Merchandise inventories	195,519,202	186,370,240
Supplies and prepaid expenses	13,081,768	10,203,197
Total Current Assets	<u>\$ 571,819,348</u>	<u>\$ 511,946,072</u>
Investments and Other Assets		
Investments in and advances to affiliated partnerships—at equity in net assets	\$ 2,471,546	\$ 4,837,525
Notes receivable and miscellaneous	15,352,496	12,495,851
	<u>\$ 17,824,042</u>	<u>\$ 17,333,376</u>
Property, Plant and Equipment, at cost		
Land	\$ 67,075,554	\$ 60,742,195
Buildings and building equipment	444,509,131	423,529,364
Furniture, fixtures and equipment	148,139,387	141,558,717
Total	<u>\$ 659,724,072</u>	<u>\$ 625,830,276</u>
Less—accumulated depreciation	<u>232,116,158</u>	<u>215,438,909</u>
	<u>\$ 427,607,914</u>	<u>\$ 410,391,367</u>
Unamortized Debt Expense and Other Deferred Charges	<u>\$ 2,303,415</u>	<u>\$ 3,117,024</u>
Excess of Cost of Investment in Division Over Book Value of Assets at Date of Acquisition	<u>\$ 9,139,351</u>	<u>\$ 9,139,351</u>
Goodwill	<u>\$ 1</u>	<u>\$ 1</u>
	<u><u>\$1,028,694,074</u></u>	<u><u>\$ 951,927,194</u></u>

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

Liabilities and Stockholders' Investment

February 3, 1973

January 29, 1972

Current Liabilities

Notes payable	\$ —	\$ 2,000,000
Accounts payable and accrued expenses	167,915,027	157,182,758
Federal income taxes—current	22,530,551	14,810,349
—deferred	46,900,669	46,130,405
Long-term debt due within one year	7,316,158	9,922,320
Total Current Liabilities	\$ 244,662,405	\$ 230,345,832

Long-term Debt—less amount due within one year

3¼% Sinking fund debentures, due 1978-1980	\$ 14,372,000	\$ 22,609,000
3½%-6½% Unsecured notes, due 1973-1991	65,228,519	69,398,258
4%-9½% Mortgage notes and bonds, due 1977-1996	98,702,085	52,486,016
8⅞% and 9% Debentures, due 1976-1989	100,000,000	100,000,000
	\$ 278,302,604	\$ 244,493,274

Capitalized Lease Obligation	\$ 2,387,541	\$ 2,439,913
Deferred Income Taxes and Investment Tax Credit	\$ 34,283,257	\$ 29,999,046
Deferred Compensation	\$ 8,033,833	\$ 6,691,416

Stockholders' Investment

Preferred stock	\$ 13,640,550	\$ 13,640,550
Common stock	37,662,560	37,595,965
Additional paid-in capital	34,392,042	34,613,771
Accumulated earnings retained in the business	375,329,282	352,107,427
	\$ 461,024,434	\$ 437,957,713
	\$1,028,694,074	\$ 951,927,194

Consolidated Statements of Changes in Financial Position
The May Department Stores Company and Subsidiaries

Fiscal Year Ended:

 February 3, 1973
(53 Weeks)

 January 29, 1972
(52 Weeks)

Sources of Working Capital			
Net earnings		\$ 47,867,318	\$ 41,981,405
Noncash charges against income			
Depreciation		28,566,565	26,702,379
Change in deferred compensation		1,312,417	2,716,401
Increase in noncurrent deferred income taxes and investment tax credit		4,281,211	1,582,521
Funds provided from operations		\$ 82,060,511	\$ 72,982,709
Proceeds from additional long-term debt		51,296,800	6,034,575
Disposition of property, plant and equipment		7,941,083	2,797,739
Common stock issued		5,157,635	2,806,831
Other		322,943	863,512
		<u>\$146,778,972</u>	<u>\$ 85,485,366</u>
Uses of Working Capital			
Dividends paid		\$24,615,463	\$ 21,600,805
Property, plant and equipment additions		53,724,195	52,338,348
Current maturities of long-term debt		17,487,470	14,587,625
Common and preferred stock purchased		5,312,769	3,851,956
Other		52,372	45,721
		<u>\$101,222,269</u>	<u>\$ 95,427,455</u>
Increase (Decrease) in working capital		<u>\$ -15,556,703</u>	<u>\$ (9,942,089)</u>

Working Capital and Changes in Working Capital	Increase (Decrease)	February 3, 1973	January 29, 1972
Cash	\$ (3,294,412)	\$ 18,559,084	\$ 21,853,496
Marketable securities	20,000,000	20,000,000	—
Accounts and notes receivable	31,140,155	324,659,294	293,519,139
Merchandise inventories	9,148,962	195,519,202	186,370,210
Supplies and prepaid expenses	2,878,571	13,081,768	10,203,197
Total Current Assets	<u>\$59,873,276</u>	<u>\$571,819,348</u>	<u>\$511,946,072</u>
Notes payable	\$ (2,000,000)	\$ —	\$ 2,000,000
Accounts payable and accrued expenses	10,732,269	167,915,027	157,182,758
Federal income taxes—current	7,720,202	22,530,551	14,810,349
—deferred	470,264	46,900,669	46,430,405
Long-term debt due within one year	(2,606,162)	7,316,158	9,922,320
Total Current Liabilities	<u>\$14,316,573</u>	<u>\$244,662,405</u>	<u>\$230,345,832</u>
Working Capital and Increase in Working Capital	<u>\$45,556,703</u>	<u>\$327,156,943</u>	<u>\$281,600,240</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

52 Weeks Ended January 29, 1972 and 53 Weeks Ended February 3, 1973

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Earnings Retained in the Business
Balance at January 30, 1971	\$13,660,550	\$37,582,885*	\$35,651,976	\$334,726,827
Net earnings for the year	—	—	—	41,981,405
Cash dividends paid				
Preferred stock	—	—	—	(497,169)
Common stock (\$1.60 per share)	—	—	—	(21,103,636)
Treasury shares applied to—				
Profit Sharing and Savings Plan	—	82,990	1,143,977	—
Stock option plans	—	141,840	1,438,024	—
Shares acquired for treasury	(20,000)	(211,750)	(3,623,206)	—
Balance at January 29, 1972	\$13,640,550	\$37,595,965*	\$34,613,771	\$352,107,427
Net earnings for the year	—	—	—	47,867,318
Cash dividends paid				
Preferred stock	—	—	—	(497,000)
Common stock (\$1.60 per share)	—	—	—	(21,148,463)
Treasury shares applied to—				
Profit Sharing and Savings Plan	—	74,832	1,419,769	—
Stock option plans	—	272,263	3,390,771	—
Shares acquired for treasury	—	(280,500)	(5,032,269)	—
Balance at February 3, 1973	\$13,640,550	\$37,662,560*	\$34,392,042	\$375,329,282

* Net of \$955,008, \$941,928 and \$875,333 for stock in treasury at January 30, 1971, January 29, 1972 and February 3, 1973, respectively.

Share Information	Common Stock	Preferred Stock				
		\$1.80 Convertible Preference	Cumulative			3 3/4% (1959)
			\$3.75 (1945)	\$3.40	\$3.75 (1947)	
Par value	\$2.50	No par	No par	No par	No par	\$100.00
Redemption price	—	\$50.00	\$103.50	\$103.50	\$100.00	\$103.00
Annual shares for sinking fund requirements	—	—	1,500	1,106	895	1,120
Authorized shares	20,000,000	919,640	55,174			9,918
Balance at January 29, 1972	15,038,386**	149,957	23,966	9,361	18,219	9,878
Treasury shares applied to—						
Profit Sharing and Savings Plan	29,933	—	—	—	—	—
Stock option plans	108,905	—	—	—	—	—
Shares acquired for treasury	(112,200)	—	—	—	—	—
Balance at February 3, 1973	15,065,021**	149,957	23,966	9,361	18,219	9,878

** Net of 376,771 and 350,133 shares held in treasury at January 29, 1972, and February 3, 1973, respectively.

The accompanying notes to consolidated financial statements are an integral part of these statements.

1. Principles of Consolidation

The consolidated financial statements include all wholly-owned subsidiaries, including The May Department Stores Credit Company, whose audited financial statements are presented on page 26. The Company's fiscal year ends on the Saturday closest to January 31. Fiscal 1972 is comprised of 53 weeks; earnings have been charged with fixed expenses for the 53rd week amounting to \$1,810,000, which will reduce expenses over future 52-week fiscal years.

2. Inventories

Merchandise inventories are determined by use of the retail inventory method and are stated on the LIFO (last-in, first-out) cost basis, which is lower than market.

Inventories at February 3, 1973, and January 29, 1972, are stated at \$23,557,000 and \$25,851,000, respectively, less than they would have been if the first-in, first-out principle had been applied in determining cost.

3. Income Taxes

Deferred income taxes result primarily from the use, for tax purposes, of guideline depreciation lives and accelerated depreciation methods and the installment method of accounting for deferred payment sales.

The Company follows the policy of deferring the investment tax credit allowed for federal income tax purposes and amortizing the credit over the average life of the related property. The amount of credit was \$1,200,000 in 1972 and \$685,000 in 1971 with related amortization of \$190,000 and \$69,000, respectively.

4. Long-Term Debt

Depreciated cost of properties pledged under long-term debt amounted to \$91,095,000 and \$51,651,000 at February 3, 1973, and January 29, 1972, respectively.

The annual maturities, including sinking fund requirements against which cancelled debentures and mortgage bonds aggregating \$13,105,000 may be applied, are as follows for years through 1977: 1971—\$12,380,000; 1975—\$13,988,000; 1976—\$61,101,000; and 1977—\$14,321,000.

Under the terms of the long-term debt: (1) accumulated earnings retained in the business of approximately \$150,345,000 at February 3, 1973, are not subject to any dividend restrictions; (2) additional long-term borrowing by the Company and certain of its subsidiaries is limited to approximately \$72,741,000 at February 3, 1973; (3) working capital must be at least \$120,000,000 for the Company and certain of its subsidiaries and (4) long-term leases are limited to the extent that rentals may not exceed 2% of net retail sales.

The Company has arranged for loans which permit the borrowing of up to \$50,000,000 on or before December 31, 1973, with interest, based on the prime rate, not to exceed 7¾% and maturing on December 31, 1983.

5. Capital Stock

The cumulative preferred stock is carried at its involuntary liquidation value of \$100 per share and the \$1.80 Preference Stock is carried at an assigned value of \$50 per share. Each share of \$1.80 Preference Stock is convertible into five-eighths of a share of

common stock to September 30, 1975. The Company has purchased and retired shares of preferred stock sufficient to meet annual sinking fund requirements until the years 1988 to 2013.

Under the Company's stock option plans, 2,000,000 shares of common stock were originally available to be optioned and sold to management employees of the Company and its subsidiaries. There were 21,1896 shares available for option at February 3, 1973, and options for 568,088 shares were outstanding, of which options for 221,708 shares were exercisable. From January 8, 1954, to February 3, 1973, options for 1,785,101 shares had been granted at prices ranging from \$11.3125 to \$51.3125 a share (representing the market prices at the respective dates of grant).

As of February 3, 1973, 93,723 shares of common stock are reserved for conversion of the \$1.80 Preference Stock.

6. Long-Term Leases

In addition to fixed annual rentals, the Company's long-term leases generally provide that the Company will pay real estate taxes and other expenses and in certain cases additional rentals based on sales. There were 120 leases in effect at February 3, 1973, providing for minimum fixed annual rentals of \$9,082,000, which leases expire in the periods indicated:

1973 to 1982	\$ 992,000	1993 to 2002	\$1,821,000
1983 to 1992	2,109,000	2003 and subsequent	1,160,000

7. Costs and Expenses

Costs and expenses shown in the statements of net earnings include cost of merchandise sold and expenses as follows:

Fiscal Year Ended:	February 3, 1973 (53 Weeks)	January 29, 1972 (52 Weeks)
Cost of merchandise sold (including merchandise alteration, occupancy and buying costs)	\$1,088,657,161	\$ 968,056,549
Selling, publicity, delivery, general and administrative expenses (less credit service charges and other income)	281,613,576	254,160,195
Interest and debt expense, net	16,171,771	15,009,706
	<u>\$1,386,475,511</u>	<u>\$1,237,526,450</u>

The Company follows the policy of charging expenses associated with the opening of new stores against income as they are incurred.

8. Retirement and Profit Sharing and Savings Plans

The Company has retirement plans covering substantially all employees who work more than 1,000 hours per year. The plans are substantially funded as of February 3, 1973. The Company follows a policy of accruing and funding all actuarially determined costs on an annual basis. The cost of the plans for the years ended February 3, 1973, and January 29, 1972, was \$1,195,000 and \$3,160,000, respectively. The combined cost of the retirement and profit sharing and savings plans represents 6% of earnings before income taxes and before the combined cost of these plans.

9. Litigation

There are lawsuits pending against the Company and other retailers, some of which purport to be brought as class actions,

which attack under federal and state laws the legality of certain credit and billing practices. The ultimate consequences of these actions to the Company are not presently determinable; however, the management of the Company does not anticipate that the ultimate disposition of these lawsuits will have a material adverse effect on the business or the financial position of the Company.

10. Investment in Pick-N-Pay Supermarkets, Inc.

On December 22, 1972, the Company purchased \$3,000,000 of new Preference Shares of Pick-N-Pay Supermarkets, Inc., constituting 57% of the voting securities of Pick-N-Pay. This stock was exchanged on February 2, 1973, for \$3,000,000 of subordinated promissory notes of Pick-N-Pay. These notes, due in 1979 (or earlier if a serial prepayment option is exercised by Pick-N-Pay), bear interest at a nominal rate through 1974 (or 1975, under certain conditions) and at 1% above the prime commercial rate thereafter. If the serial prepayment option is not exercised by October, 1977, the notes, at the option of the holder, become convertible into 51% of the aggregate voting stocks. In addition, up to \$2,000,000 of the principal amount of the notes are to be reduced by 51% of any cumulative operating losses incurred by Pick-N-Pay through the date the option is exercised. The operations of Pick-N-Pay had no material effect upon the results of operations of the Company during the fiscal year ended February 3, 1973.

11. Partnership Commitment

A wholly-owned subsidiary of the Company is one of two general partners in Consumers Distributing Company, a general partnership. Subject to the occurrence of certain events which might increase the subsidiary's share of profits, profits and losses of the Partnership are to be shared equally by the partners except that, if the Partnership shall have accumulated losses at any time when profits or losses are allocable, all losses and, to the extent of any such accumulated losses, all profits are to be allocated to the subsidiary. If certain operating guidelines are met, the subsidiary may be required to lend up to \$25,000,000 to the Partnership prior to April 3, 1976, and up to an additional \$25,000,000 prior to March 31, 1979, to provide for the opening of catalog showrooms by the Partnership.

Statements of Net Earnings and Accumulated Earnings Retained in the Business
The May Department Stores Credit Company

Fiscal Year Ended:

 February 3, 1973
(53 Weeks)

 January 29, 1972
(52 Weeks)

Earnings on investment in accounts purchased from The May Department Stores Company	\$16,378,087	\$ 20,008,513
Other interest income	<u>1,603,583</u>	<u>1,192,129</u>
	<u>\$17,981,670</u>	<u>\$ 21,200,672</u>
Costs and Expenses		
Interest expense	\$10,591,292	\$ 9,339,901
Other expenses	<u>28,386</u>	<u>41,096</u>
	<u>\$10,622,678</u>	<u>\$ 9,380,997</u>
Earnings Before Federal Income Taxes	\$ 7,358,992	\$ 11,819,675
Federal income taxes	<u>3,532,316</u>	<u>5,673,441</u>
Net Earnings	<u>\$ 3,826,676</u>	<u>\$ 6,146,231</u>
Accumulated Earnings Retained in the Business at beginning of year	11,007,408	4,861,177
Dividend paid to The May Department Stores Company	<u>(10,000,000)</u>	<u>—</u>
Accumulated Earnings Retained in the Business at end of year ...	<u>\$ 4,831,081</u>	<u>\$ 11,007,408</u>
Ratio of Earnings (earnings before federal income taxes and interest expense) to Interest Expense	<u>1.7 to 1</u>	<u>2.3 to 1</u>

Statements of Changes in Financial Position

Fiscal Year Ended:

 February 3, 1973
(53 Weeks)

 January 29, 1972
(52 Weeks)

Sources of Working Capital		
Net earnings	\$ 3,826,676	\$ 6,146,231
Noncash charges against income—debt expense	<u>131,638</u>	<u>131,638</u>
Funds provided from operations	\$ 3,958,314	\$ 6,277,869
Use of Working Capital—dividend paid	<u>(10,000,000)</u>	<u>—</u>
Increase (Decrease) in working capital	<u>\$ (6,011,686)</u>	<u>\$ 6,277,869</u>

Working Capital and Changes in Working Capital

 Increase
(Decrease)

February 3, 1973

January 29, 1972

Customers' accounts purchased from The May Department Stores Company	\$16,960,169	\$151,701,599	\$137,744,430
Cash	(28,020)	23,555	51,575
Receivable from The May Department Stores Company	<u>(15,420,639)</u>	<u>222,049</u>	<u>15,642,688</u>
Total Current Assets	<u>\$ 1,511,510</u>	<u>\$151,950,203</u>	<u>\$153,438,693</u>
Payable to The May Department Stores Company	\$10,191,849	\$ 22,630,131	\$ 12,438,282
Accrued interest and other liabilities	(21,095)	2,692,944	2,714,039
Federal income taxes	<u>(2,617,558)</u>	<u>840,926</u>	<u>3,458,484</u>
Total Current Liabilities	<u>\$ 7,553,196</u>	<u>\$ 26,164,001</u>	<u>\$ 18,610,805</u>
Working Capital and Decrease in Working Capital	<u>\$ (6,041,686)</u>	<u>\$128,786,202</u>	<u>\$134,827,888</u>

The accompanying notes to financial statements are an integral part of these statements.

	February 3, 1973	January 29, 1972
Assets		
Current Assets		
Customers' accounts purchased without recourse from The May Department Stores Company	\$177,898,076	\$158,437,079
Less—Amount payable to The May Department Stores Company upon collection of the customers' accounts	16,900,317	15,051,522
—Unearned discount	6,293,160	5,611,127
	<u>\$151,701,599</u>	<u>\$137,741,430</u>
Cash	23,555	51,575
Receivable from The May Department Stores Company	222,019	15,612,608
Total Current Assets	<u>\$151,950,203</u>	<u>\$153,138,693</u>
Unamortized Debt Expense	746,382	878,020
	<u>\$155,696,585</u>	<u>\$154,316,713</u>
Liabilities and Stockholder's Investment		
Current Liabilities		
Payable to The May Department Stores Company	\$ 22,630,131	\$ 12,438,282
Accrued interest and other liabilities	2,692,944	2,714,039
Federal income taxes	840,926	3,458,481
Total Current Liabilities	<u>\$ 26,161,001</u>	<u>\$ 18,610,805</u>
8 $\frac{7}{8}$ % and 9% Debentures, due 1976-1989	<u>\$100,000,000</u>	<u>\$100,000,000</u>
Stockholder's Investment		
Common stock, \$5 par value, authorized 2,500 shares, outstanding 1,850 shares	\$ 9,250	\$ 9,250
Additional paid-in capital	24,689,250	24,689,250
Accumulated earnings retained in the business	4,831,081	11,007,408
	<u>\$ 29,532,584</u>	<u>\$ 35,705,908</u>
	<u>\$155,696,585</u>	<u>\$154,316,713</u>

Notes to Financial Statements

1. The Company is engaged in the business of purchasing customers' accounts receivable of certain store divisions of its parent company, The May Department Stores Company, at a discount rate of 3 $\frac{1}{2}$ %. This rate was reduced from 5% effective August 1, 1971.
2. There are lawsuits pending against The May Department Stores Company (some of whose customers' accounts receivable have been purchased by the Company) and other retailers, some of which purport to be brought as class actions, which attack under federal and state laws the legality of certain credit and billing practices. The ultimate consequences of these actions are not presently determinable; however, management does not anticipate that the ultimate disposition of these lawsuits will have a material adverse effect on the business of the Company.

Auditors' Report

To the Board of Directors and Stockholders of The May Department Stores Company:

We have examined (1) the consolidated balance sheets of The May Department Stores Company (a New York Corporation) and subsidiaries as of January 29, 1972, and February 3, 1973, and the related consolidated statements of net earnings, stockholders' investment and changes in financial position for the fiscal years then ended and (2) the balance sheets of The May Department Stores Credit Company (a Delaware Corporation and a wholly-owned subsidiary of The May Department Stores Company) as of January 29, 1972, and February 3, 1973, and the related statements of net earnings, accumulated earnings retained in the business and changes in financial position for the fiscal years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The May Department Stores Company and subsidiaries and The May Department Stores Credit Company as of January 29, 1972, and February 3, 1973, and the results of their operations and changes in their financial position for the fiscal years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

One Memorial Drive,
St. Louis, Missouri 63102,
April 6, 1973.

Arthur Andersen & Co.

Ten Year Performance Record

Operating Statistics	Fiscal Year Ended:	February 3, 1973 (53 Weeks)	January 29, 1972	January 30, 1971
Net Retail Sales		\$1,167,931,000	\$1,310,798,000	\$1,174,834,000
Earnings Before Federal Income Taxes		91,508,000	80,551,000	61,839,000
Percent to Sales		6.2%	6.1%	5.3%
Net Earnings		47,867,000	41,981,000	31,873,000
Percent to Sales		3.3%	3.2%	2.7%
Dividends Paid				
Preferred Stock		497,000	497,000	498,000
Common Stock		24,148,000	24,101,000	21,111,000
Earnings Retained in the Business		23,222,000	17,380,000	7,261,000
Per Common Share				
Net Earnings*		\$3.13	\$2.75	\$2.08
Dividends		1.60	1.60	1.60
Federal Income Taxes*		2.88	2.56	1.99
Depreciation		28,567,000	26,702,000	25,735,000
Maintenance and Repairs		10,173,000	8,987,000	8,271,000
Taxes Other Than Federal Income		44,572,000	40,513,000	33,587,000
Rental Expense		10,298,000	9,521,000	9,156,000
Interest and Debt Expense, net		16,175,000	15,010,000	14,969,000

Financial Statistics

Working Capital	\$ 327,157,000	\$ 281,600,000	\$ 291,512,000
Ratio of Current Assets to Current Liabilities	2.3 to 1	2.2 to 1	2.1 to 1
Accounts and Notes Receivable, net	321,659,000	293,519,000	279,766,000
Merchandise Inventories	195,519,000	186,370,000	172,483,000
Property, Plant and Equipment, net	427,608,000	410,391,000	387,553,000
Total Assets	1,028,691,000	951,927,000	925,380,000
Long-Term Debt			
Debentures and Unsecured Notes	179,601,000	192,007,000	201,112,000
Real Estate Mortgages	98,702,000	52,486,000	51,931,000
Preferred Stock	13,611,000	13,641,000	13,661,000
Common Stockholders' Equity (Book Value)	447,161,000	421,091,000	407,711,000
Per Common Share	\$29.68	\$28.20	\$27.12

Store Facilities

Number of stores	102	97	89
Number of square feet of store space	25,500,000	21,800,000	23,400,000
<i>*Based upon average number of common shares outstanding for the years ended January 31, 1968 and thereafter; prior years are based upon common shares outstanding at year end.</i>			

January 31, 1970	February 1, 1969	January 31, 1968	January 31, 1967	January 31, 1966	January 31, 1965	January 31, 1964
\$1,134,237,000	\$1,086,212,000	\$1,017,014,000	\$979,093,000	\$912,482,000	\$914,576,000	\$849,511,000
58,663,000	69,297,000	68,411,000	69,989,000	86,303,000	83,273,000	67,001,000
5.2%	6.4%	6.7%	7.1%	9.2%	9.1%	7.9%
28,919,000	31,006,000	36,287,000	38,416,000	47,377,000	44,530,000	33,162,000
2.5%	3.1%	3.6%	3.9%	5.0%	4.9%	3.9%
498,000	1,041,000	1,230,000	652,000	242,000	1,084,000	1,149,000
24,161,000	23,856,000	23,748,000	23,584,000	20,906,000	16,618,000	15,749,000
4,257,000	9,106,000	11,309,000	14,180,000	26,229,000	26,828,000	16,264,000
\$1.88	\$2.21	\$2.36	\$2.50	\$3.10	\$2.87	\$2.11
1.60	1.60	1.60	1.57½	1.42½	1.15	1.10
1.97	2.36	2.17	2.13	2.62	2.62	2.31
23,995,000	21,819,000	20,576,000	19,490,000	17,828,000	16,893,000	16,339,000
8,318,000	7,594,000	7,007,000	6,704,000	5,743,000	6,087,000	6,029,000
32,576,000	30,032,000	27,106,000	27,308,000	24,256,000	23,159,000	22,089,000
8,530,000	7,914,000	7,379,000	6,813,000	6,275,000	5,888,000	5,987,000
12,597,000	8,478,000	7,706,000	8,285,000	6,143,000	5,111,000	4,805,000

\$ 255,911,000	\$ 241,754,000	\$ 250,977,000	\$271,023,000	\$244,986,000	\$271,167,000	\$252,889,000
2.1 to 1	2.1 to 1	2.6 to 1	2.8 to 1	2.5 to 1	2.9 to 1	3.1 to 1
280,186,000	260,433,000	239,605,000	238,081,000	233,988,000	217,868,000	201,853,000
176,338,000	166,847,000	161,331,000	156,147,000	152,102,000	138,824,000	125,461,000
368,361,000	334,416,000	319,023,000	310,419,000	290,040,000	266,971,000	251,891,000
883,385,000	825,707,000	776,320,000	758,691,000	718,924,000	690,080,000	610,090,000
150,327,000	112,598,000	118,674,000	127,528,000	68,578,000	86,734,000	65,904,000
54,917,000	57,538,000	60,067,000	63,642,000	66,455,000	70,420,000	72,986,000
13,673,000	13,673,000	33,996,000	34,027,000	34,178,000	34,484,000	57,962,000
100,923,000	398,386,000	370,445,000	360,373,000	347,514,000	321,949,000	292,004,000
\$26.63	\$26.36	\$24.99	\$24.27	\$23.38	\$21.77	\$19.90

85	84	78	75	69	64	59
22,600,000	21,500,000	20,500,000	20,100,000	18,700,000	17,700,000	17,000,000

The M. O'Neil Co., Akron

Arthur J. Emma, *President*
 John W. Christian, Jr., *Executive Vice President*
 Gerard J. Fischer, *Vice President*
 Rollin O. Glaser, *Vice President*
 Clarence A. Randall, *Vice President*
 Irene Thomsen, *Vice President*
 William T. Tobin, *Vice President*
 Frank Ceravolo, *Vice President, Secretary and Treasurer*
 Theodore C. Chaudron, *Divisional Vice President*

9 Stores: (Building Area in Thousands of Square Feet—Total: 1,623)

Downtown	776	Stow Kent	82	Mellet Mall	120
Canton Plaza	75	Summit Mall	135	Richland Mall	137
Coshocton	30	Chapel Hill	135	Belden Village	133

The Hecht Co., Baltimore

Allan J. Bloostein, *Chief Executive Officer*
 Harold A. Crone, *President*
 Roger W. Holden, *Vice President, Treasurer*
 Louis Frank, Jr., *Vice President, Control*
 Aldwin E. Jolly, *Vice President*
 Morton Meyer, *Vice President*
 Peter Rosenwald, *Vice President*
 Earl F. Sluss, Jr., *Vice President*
 Lavern R. Straight, Jr., *Vice President*

6 Stores: (Building Area in Thousands of Square Feet—Total: 1,136)

Downtown	468	Northwood	186	Salisbury	89
Edmondson	182	Annapolis	27	Reisterstown Road Plaza	181

May Co., California

George Foos, *President*
 Thomas F. Rafferty, *Chairman of the Board*
 Ray Klauer, *Executive Vice President*
 Frank I. Swenson, *Executive Vice President*
 Richard Boje, *Vice President*
 William R. Carroll, *Vice President*
 Irvin Dworkin, *Vice President*
 Ernest Grossblatt, *Vice President*
 John T. Lundegard, *Vice President*
 Leo Pollakoff, *Vice President*
 Fred Rauschenberg, *Vice President*
 James Vadis, *Vice President*
 Raymond R. Obie, *Vice President, Secretary and Treasurer*
 Henry Sulzberger, *Divisional Vice President*

19 Stores: (Building Area in Thousands of Square Feet—Total: 5,783)

Downtown	1,059	San Diego	375	Arcadia	251
Wilshire	325	Buena Park	249	San Bernardino	201
Crenshaw	266	Topanga Plaza	251	Montclair Plaza	156
Lakewood	318	West Los Angeles	251	Carlsbad	150
Valley	435	Whittier	248	Oxnard	155
Fastland	342	South Coast Plaza	250	Parkway Plaza	115
South Bay	353				

The May Co., Cleveland

Francis A. Coy, *Chairman of the Board*
 D. G. Arvanites, *President*
 Gerald Baris, *Executive Vice President*
 William B. Bond, *Vice President*
 Douglas W. Coffey, *Vice President*
 Gene L. Cross, *Vice President*
 William Lynch, Jr., *Vice President*
 Harry Polonsky, *Vice President*
 Charles D. Springman, *Vice President*
 Norman Stahler, *Vice President*
 James O. Anderson, *Vice President, Secretary and Treasurer*

7 Stores: (Building Area in Thousands of Square Feet—Total: 2,477)

Downtown	1,121	Parma town	305	Great Northern	190
University Heights	316	Great Lakes Mall	147	Sheffield	164
Southgate	204				

May—D&F, Colorado

Jerome M. Nemiro, *President*
 Richard H. Will, *Executive Vice President*
 Jack B. Collins, *Vice President*
 Roy R. Paulson, *Vice President*
 Robert E. Rhodes, *Vice President*
 Richard J. Powell, *Vice President, Secretary and Treasurer*

6 Stores: (Building Area in Thousands of Square Feet—Total: 1,144)

Downtown	420	Westland	165	North Valley	140
University Hills	183	Bear Valley	139	Colorado Springs	97

G. Fox & Co., Hartford

Frank B. Chase, *President*
 Bernard W. Schiro, *Chairman of the Board*
 Richard Koopman, *Vice Chairman of the Board*
 H. Michael Hecht, *Executive Vice President*
 Paul Leblang, *Vice President*
 William Luetgens, *Vice President*
 Woodrow T. Trotter, *Vice President*
 Elden Rasmussen, *Vice President, Secretary and Treasurer*

4 Stores: (Building Area in Thousands of Square Feet—Total: 1,576)

Downtown	1,107	Enfield	162	Meriden	130
Waterbury	177				

May—Cohens, Jacksonville

Alvin Richer, *President*
 L. Dwight O'Dell, Jr., *Vice President*
 Dennis Manitsas, *Vice President*
 H. L. Reinshagen, *Secretary-Treasurer*

3 Stores: (Building Area in Thousands of Square Feet—Total: 459)

Downtown	323	Regency Square	102	Roosevelt Mall	34
----------	-----	----------------	-----	----------------	----

Meier & Frank, Oregon

Edwin W. Steidle, *President*
 C. Hal Silver, *Executive Vice President*
 Donald F. Baddock, *Vice President*
 Richard Lee Battram, *Vice President*
 Arthur F. Baumann, *Vice President*
 Gordon S. Bowman, *Vice President*
 Robert F. Leatherman, *Vice President*
 Millard E. McAttee, *Vice President*
 James L. Meier, *Vice President*
 H. David Osterman, *Vice President*
 Jack G. Parker, *Vice President*
 Leslie Sherman, *Vice President*
 George J. Szabo, *Vice President*
 Harry Wendland, *Vice President*
 Paul G. Badgley, *Vice President, Secretary and Treasurer*

4 Stores: (Building Area in Thousands of Square Feet—Total: 1,373)

Downtown	685	Salem	186	Engene-Springfield	186
Lloyd Center	316				

Kaufmann's, Pittsburgh

David C. Farrell, *President*
 Joseph S. Davis, *Executive Vice President*
 Barbara Clark, *Vice President*
 Donald J. Coan, *Vice President*
 Sidney L. Cohn, *Vice President*
 Frederic J. Di Iorio, *Vice President*
 Louis M. Gaul, *Vice President*
 David K. Karstens, *Vice President*
 Alvin Kingsley, *Vice President*
 Daniel H. Levy, *Vice President*
 Stanley W. Landon, *Vice President, Secretary and Treasurer*
 Jack Charles, *Divisional Vice President*
 Nicholas J. De Bonis, *Divisional Vice President*
 Margaret M. Ruane, *Divisional Vice President*
 Stanley I. Rubin, *Divisional Vice President*
 S. Allain Russo, *Divisional Vice President*
 George S. Wilson, *Divisional Vice President*

5 Stores: (Building Area in Thousands of Square Feet—Total: 1,853)

Downtown	1,011	Mount Lebanon	222	Rochester	181
Monroeville	229	McKnight Road	210		

Famous-Barr Co., St. Louis

Sanford J. Zimmerman, *Chairman of the Board*
 Lester R. Adelson, *President*
 Melvin Schiffman, *Executive Vice President*
 Ben E. Ames, *Vice President*
 Warren A. Davis, *Vice President*
 Joan Van de Elve, *Vice President*
 David H. Folkman, *Vice President*
 Ervin W. Kehl, *Vice President*
 H. Gene Nau, *Vice President*
 Ronald Schilder, *Vice President*
 Donald I. Shifter, *Vice President*
 Melvin S. Strassner, *Vice President*
 Richard E. Strassner, *Vice President*
 William H. Fischer, *Vice President, Secretary and Treasurer*
 Harold Hoffman, *Divisional Vice President*
 Walter S. Hosea, *Divisional Vice President*
 Ted R. Kolman, *Divisional Vice President*
 Jerome T. Loeb, *Divisional Vice President*
 Fred H. McCann, *Divisional Vice President*
 Richard I. Prager, *Divisional Vice President*
 Albert F. Steinman, *Divisional Vice President*

8 Stores: (Building Area in Thousands of Square Feet—Total: 2,821)

Downtown	954	Northland	313	West County	214
Clayton	318	South County	208	Crestwood	162
Southtown	303	Northwest Plaza	319		

The Hecht Co., Washington, D.C.

Allan J. Bloostein, *President*
 John F. Baker, *Chairman of the Board*
 Harold K. Melnicove, *Vice Chairman of the Board*
 Howard P. Goldberg, *Executive Vice President*
 Roger W. Holden, *Vice President, Treasurer*
 Louis Frank, Jr., *Vice President, Control*
 Asher H. Berlan, *Vice President*
 Albert Binder, *Vice President*
 Arnold L. Bronfin, *Vice President*
 John H. Bullis, *Vice President*
 Ronald N. Gangemi, *Vice President*
 Henry F. Hemsing, *Vice President*
 Michael J. Horne, *Vice President*
 Stephen D. Thorpe, *Vice President*
 David A. Cohen, *Divisional Vice President*
 Moritz A. Cohen, Jr., *Divisional Vice President*
 Edward B. Dorrian, *Divisional Vice President*
 William F. Jones, *Divisional Vice President*
 William H. Landres, *Divisional Vice President*
 Allen H. Schweizer, *Divisional Vice President*
 Paul H. Wright, *Divisional Vice President*
 Irwin Zazulia, *Divisional Vice President*

10 Stores: (Building Area in Thousands of Square Feet—Total: 2,218)

Downtown	555	Marlow Heights	196	Montgomery Mall	165
Silver Spring	255	Laurel	83	Tyson's Corner	164
Parkington	285	Landmark	162	Landover Mall	155
Prince Georges Plaza	198				

Strouss', Youngstown

Fred L. Gronvall, *President*
 James C. Miller, *Executive Vice President*
 Michael J. Babcock, *Vice President*
 Clark C. Hammitt, *Vice President*
 Louis Rosenblum, *Vice President*
 Lee R. Savio, *Vice President, Secretary and Treasurer*

9 Stores: (Building Area in Thousands of Square Feet—Total: 1,063)

Downtown	394	Southern Park Mall	118	Sharon, Pa.	108
Liberty Plaza	30	Eastwood Mall	152	Salem, Ohio	48
Austintown	83	New Castle, Pa.	64	Warren, Ohio	36

Venture Stores, Inc.

John F. Geisse, *Chairman of the Board*
 Thomas A. Hays, *President*
 John D. Shea, *Executive Vice President*
 John J. Boyd, *Vice President*
 Roy H. Greene, *Vice President*
 Mike Markovich, *Vice President*
 D. Marshall Penning, *Vice President*

12 Stores: (Building Area in Thousands of Square Feet—Total: 1,940)

St. Louis area:	Kansas City area:	Springfield, Mo.	163
Page Avenue	165	Overland Park, Kan.	161
Kirkwood	161	Independence, Mo.	161
Alton, Ill.	160	Kansas City, Mo.	161
Fairview Heights, Ill.	161	Kansas City, Kan.	161
Kingshighway	161		
North County	161		

May Merchandising Corporation, New York

Lee Abraham, *President*
 Samuel J. Feiner, *Chairman of the Board*
 Bernard Olsoff, *Executive Vice President*
 Kenneth S. Thyne, Jr., *Vice President, Secretary and Treasurer*
May Department Stores International, Inc.

Nigel French, *President*
Eagle Stamp Company

Andrew P. Brennan, *Chairman of the Board*
 Henry L. Dahm, Jr., *Executive Vice President*
 Robert W. Falke, *Executive Vice President*
 John G. Holm, *Vice President*
 Selwyn R. Hotchner, *Vice President*
 William C. Dixon, *Vice President and Controller*
The May Stores Shopping Centers, Inc.

Robert E. Getz, *President*
 William M. Harding, *Executive Vice President*
 Fred L. Jamison, *Vice President*
 Paul E. Leyton, *Vice President*
 Martin E. Burke, *Controller*

14 Shopping Centers: (Building Area leased to other retailers in Thousands of Square Feet—Total: 3,650)

Cleveland area:	Southern California:	St. Louis area:			
Sheffield Center	192	Eastland Center	422	Northland Center	321
Denver area:		Mission Valley Center	445	South County Center	294
Westland Center	208	Plaza Camino Real	234	West County Center	159
Hartford area:		Laurel Plaza	85	Washington, D.C. area:	
Enfield Square	190	Topanga Plaza	366	Parkington Center	199
Meriden Square	194			Montgomery Mall	341

*Partially owned

May Design and Construction Company

Peter Sterling, *President*
 Henry A. Birner, *Vice President*
 Leo C. Martinez, *Vice President*
 Charles H. Meyers, Jr., *Vice President*
 John G. Rutenis, *Vice President*

Systems, Science and Software (partially owned)

Frank W. Clark, Jr., *Chairman of the Board*
 Robert A. Kruger, *President*
 Morris F. Scharff, *Vice Chairman of the Board*
 Allan F. Klein, *Vice President*
 Charles C. Loomis, *Vice President*
 Charles D. Martin, *Vice President*
 Kedar D. Pyatt, Jr., *Vice President*
 John M. Walsh, *Secretary*
 K. Thomas Lester, *Treasurer*

Consumers Distributing Company (joint venture)

Jack Stupp, *Chairman of the Board*
 Wilbert B. Dubin, *Executive Vice President*
 Lloyd Swanson, *Executive Vice President*
 David E. Houseman, *Controller*

The May Department Stores Company

Directors

David E. Babcock	David May II
John W. Boyle	Morton D. May
Frank B. Chase	Wilbur D. May
Frank W. Clark, Jr.	Jack L. Meier
Frederick L. Ehrman	Bernard W. Schiro
John F. Geisse	Harry O. Schloss, Jr.
Stanley J. Goodman	Richard R. Shinn
Samuel M. Hecht	Dinah Shore
Robert H. Levi	Jack Stupp
Gustave L. Levy	James C. Walsh
David J. Mahoney	Frank W. Walters

Committees of the Board

Executive Committee Stanley J. Goodman, <i>Chairman</i> David E. Babcock John W. Boyle Frank W. Clark, Jr. David May II James C. Walsh Frank W. Walters	Stock Option Committee Gustave L. Levy, <i>Chairman</i> Samuel M. Hecht Wilbur D. May
Compensation Committee Gustave L. Levy, <i>Chairman</i> Samuel M. Hecht Wilbur D. May	Audit Committee Robert H. Levi, <i>Chairman</i> Frederick L. Ehrman David J. Mahoney Richard R. Shinn
	Nominating Committee Morton D. May, <i>Chairman</i> David E. Babcock Frederick L. Ehrman Samuel M. Hecht Gustave L. Levy Richard R. Shinn

Officers

Stanley J. Goodman, *Chairman of the Board*
David May II, *Vice Chairman of the Board and Treasurer*
David E. Babcock, *President*
John W. Boyle, *Executive Vice President and Controller*
Frank W. Clark, Jr., *Executive Vice President and General Counsel*
James C. Walsh, *Executive Vice President*
Frank W. Walters, *Executive Vice President*
Herbert A. Mack, *Vice President & Secretary*
Wilbur D. May, *Vice President*
Frank J. Reilly, *Vice President*
Harry O. Schloss, Jr., *Vice President*

Elected Vice Presidents

Lee Abraham	John F. Geisse
Lester R. Adelson	Robert E. Getz
D. G. Arvanites	Fred L. Gronvall
John F. Baker	Thomas A. Hays
Allan J. Bloostein	Richard Koopman
Andrew P. Brennan	Harold K. Melnicove
Frank B. Chase	Jerome M. Nemiro
Francis A. Coy	Thomas F. Rafferty
Harold A. Crone	Alvin Richer
Arthur J. Emma	Bernard W. Schiro
David C. Farrell	Edwin W. Steidle
Samuel J. Feiner	Sanford J. Zimmerman
George Foos	

Appointed Vice Presidents

Donald S. Bradley	Peter Sterling
Walter C. Coffey, Jr.	Frank I. Swenson
Henry A. Lay	Frank J. Williams, Jr.
Harold I. Lunde	Michael Zoroya
Dorothy Morse	